

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ISO-00 AGR-20 COME-00

STR-08 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 /103 W

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R 031655Z MAY 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 6939

INFO AMEMBASSY ABIDJAN

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY GUATEMALA

AMEMBASSY LONDON

AMCONSUL LUANDA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY PANAMA

AMCONSUL RIO DE JANEIRO

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTO DOMINGO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, EAGR, CS

SUBJECT: COFFEE EXPORTERS MEETING

REF: (A) STATE 088315

(B) SAN JOSE 1554

1. AGATT CALLED ON ALVARO JIMENEZ C., EXECUTIVE DIRECTOR, OFICINA DEL CAFE TO DISCUSS GENERAL COFFEE SITUATION AND MAY 5-7 MEETING OF COFFEE EXPORTERS IN PUNTARENAS, COSTA RICA.

2. JIMENEZ REPORTED THAT NUMBER OF COUNTRIES TO BE REPRESENTED AND DELEGATES ATTENDING HAS ESCALATED AND HE NOW EXPECTS MORE THAN 80 REPRESENTATIVES. MEXICO ALONE IS SENDING 10

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PEOPLE. ORIGINAL IDEA WAS TO HOLD ATTENDANCE TO OTHER MILDS

GROUP WHICH INCLUDES COSTA RICA, SALVADOR, GUATEMALA, AND MEXICO, PLUS BRAZIL. COLOMBIA AND DOMINICAN REPUBLIC ASKED TO BE INVITED AND INVITATIONS WERE EXTENDED TO ALL CENTRAL AMERICAN COUNTRIES. TOP COFFEE OFFICIAL FROM EACH COUNTRY IS EXPECTED TO ATTEND.

3. JIMENEZ GAVE PURPOSE OF MEETING AS GREATER DIALOGUE, COOPERATION AND COORDINATION IN SELLING POLICIES AMONG CENTRAL AMERICANS AND WITH BRAZIL AND COLOMBIA. HE DID NOT SPEAK OF FORCING UP PRICES, BUT OF DEFENDING CURRENT LEVELS AND PRESENTING A UNIFIED STAND AGAINST INTERNATIONAL BUYING FIRMS. CENTRAL AMERICANS WERE SAID TO BE PARTICULARLY VULNERABLE TO EFFORTS BY INTERNATIONAL BUYERS TO PLAY ONE AGAINST THE OTHER IN THEIR EFFORTS TO LOWER PRICES. HE SAID THAT THIS HAD IMPLICATIONS FOR COUNTRIES SUCH AS BRAZIL AND COLOMBIA AS COFFEE IS MARKETING UNDER CERTAIN PREDETERMINED SPREADS AND THAT IF CENTRAL AMERICAN PRICES ARE LOWERED, THEN OTHERS MUST FOLLOW. JIMENEZ GAVE AS MAJOR WORLD IMPORTERS, "U.S., GENERAL FOODS, AND GERMANY". HE WENT INTO GREAT LENGTH IN EXPLAINING THAT CURRENT ACTUAL PRICES ARE NOT HIGH RELATIVE TO PRE-CRISIS LEVELS (1950'S) AND THAT IN REAL TERMS, CURRENT REAL COFFEE PRICES ARE LESS THAN DURING 1960'S TAKING INTO ACCOUNT OF MAJOR INPUTS SUCH AS FERTILIZERS AND INSECTICIDES.

4. WHEN PRESSED ABOUT FORMING A CORPORATION OF OTHER MILDS SUCH AS CAFE MUNDIAL, HE HEDGED AND SAID THAT THIS MIGHT BE DISCUSSED IF OPPORTUNITY WAS APPROPRIATE. HE LATER PULLED OUT DRAFT FOR SUCH A CORPORATIN THAT HAD BEEN PREPARED FOR APRIL MEXICO MEETING. WE WERE NOT SHOWN CONTENTS, BUT COVER INDICATED AN INITIAL LEVEL OF CAPITALIZATION. HE SAID THAT SUCH A CORPORATION WOULD HAVE FINANCIAL RESOURCES TO ENTER FUTURES MARKET TO DEFEND PRICES OF CENTRAL AMERICAN COFFEES. HE ADDED THAT CENTRAL AMERICANS WERE ALREADY COOPERATING AND CITED MARCH SUSPENSION OF SALES TO U.S. MARKET.

5. DURING CONVERSATION, JIMENEZ DID NOT MENTION FORCING UP PRICES, BUT ONLY COORDINATION, COOPERATION, AND DIALOGUE TO PREVENT ANY DECLINE FROM CURRENT LEVELS.

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6. IN SEPARATE CONVERSATION, MINISTER OF AGRICULTURE AND LIVESTOCK SAID THAT CHARGE AND AGATT WOULD BE RECEIVING INVITATIONS TO DINNER HE IS GIVING FOR REPRESENTATIVES ON MAY 6. CHARGE WILL BE UNABLE TO ATTEND DUE TO ARRIVAL OF OFFICIAL INAUGURATION DELEGATION, BUT AGATT WILL ACCEPT IF FORMAL INVITATION IS FORTHCOMING.

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Message Attributes

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